

HOUSE BILL No. 1431

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20.

Synopsis: Free textbooks. Eliminates a program that provides state reimbursement and township assistance for costs incurred by public schools to provide textbooks and certain other instructional material without charge to students eligible for free or reduced price lunches or other public assistance. Establishes a requirement that public schools provide textbooks and certain other instructional material without charge to all students. Provides an annual state textbook grant to public schools to pay for the purchase and repair of textbooks and instructional material. Requires that the revenue for the grant be deposited in a textbook fund. Repeals authority for public schools to engage in a public school textbook rental program and the requirement that residents petition a school corporation to establish a school textbook library program to provide textbooks without charge to students. Makes conforming changes, and adds transitional provisions.

Effective: July 1, 2009.

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January 13, 2009, read first time and referred to Committee on Education.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1431

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-18-2-23.1 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2009]: **Sec. 23.1. "Textbooks and other**
4 **covered instructional material" refers to the following:**

5 (1) **Textbooks (including textbooks used in special education**
6 **and high ability classes).**

7 (2) **Workbooks and consumable textbooks (including**
8 **workbooks, consumable textbooks, and other consumable**
9 **instructional materials that are used in special education and**
10 **high ability classes) that are used by students for not more**
11 **than one (1) school year.**

12 (3) **Developmentally appropriate material used instead of**
13 **textbooks for instruction in:**

14 (A) **kindergarten through grade 3;**

15 (B) **laboratories;**

16 (C) **literature programs;**

17 (D) **special education; or**



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(E) gifted and talented classes.

SECTION 2. IC 20-24-8-5, AS AMENDED BY P.L.2-2006, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. The following statutes and rules and guidelines adopted under the following statutes apply to a charter school:

- (1) IC 5-11-1-9 (required audits by the state board of accounts).
- (2) IC 20-39-1-1 (unified accounting system).
- (3) IC 20-35 (special education).
- (4) IC 20-26-5-10 and IC 20-28-5-9 (criminal history).
- (5) IC 20-26-5-6 (subject to laws requiring regulation by state agencies).
- IC 20-26-12-29 (prohibition on fees for reimbursable textbooks and other covered instructional material).**
- (6) IC 20-28-7-14 (void teacher contract when two (2) contracts are signed).
- (7) IC 20-28-10-12 (nondiscrimination for teacher marital status).
- (8) IC 20-28-10-14 (teacher freedom of association).
- (9) IC 20-28-10-17 (school counselor immunity).
- (10) For conversion charter schools only, IC 20-28-6, IC 20-28-7, IC 20-28-8, IC 20-28-9, and IC 20-28-10.
- (11) IC 20-33-2 (compulsory school attendance).
- (12) IC 20-33-3 (limitations on employment of children).
- (13) IC 20-33-8-19, IC 20-33-8-21, and IC 20-33-8-22 (student due process and judicial review).
- (14) IC 20-33-8-16 (firearms and deadly weapons).
- (15) IC 20-34-3 (health and safety measures).
- (16) IC 20-33-9 (reporting of student violations of law).
- (17) IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative observances).
- (18) IC 20-31-3, IC 20-32-4, IC 20-32-5, IC 20-32-6, IC 20-32-8, or any other statute, rule, or guideline related to standardized testing (assessment programs, including remediation under the assessment programs).
- (19) IC 20-33-7 (parental access to education records).
- (20) IC 20-31 (accountability for school performance and improvement).

IC 20-40 (establishment of textbook fund).

SECTION 3. IC 20-26-5-4, AS AMENDED BY P.L.168-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's

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behalf has the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment.

(3) To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(4) To:

(A) Acquire, construct, erect, maintain, hold, and contract for construction, erection, or maintenance of real estate, real estate improvements, or an interest in real estate or real estate improvements, as the governing body considers necessary for school purposes, including buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchase money contracts providing for a retention of a security interest by the seller until payment is made or by notes where the contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 20-47-2, IC 20-47-3, or IC 20-47-5.

(B) Repair, remodel, remove, or demolish, or to contract for the repair, remodeling, removal, or demolition of the real

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estate, real estate improvements, or interest in the real estate or real estate improvements, as the governing body considers necessary for school purposes.

(C) Provide for conservation measures through utility efficiency programs or under a guaranteed savings contract as described in IC 36-1-12.5.

(5) To acquire personal property or an interest in personal property as the governing body considers necessary for school purposes, including buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by cash purchase or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where the contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish the personal property. All purchases and contracts specified under the powers authorized under subdivision (4) and this subdivision are subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of state agencies as provided in section 6 of this chapter.

(6) To sell or exchange real or personal property or interest in real or personal property that, in the opinion of the governing body, is not necessary for school purposes, in accordance with IC 20-26-7, to demolish or otherwise dispose of the property if, in the opinion of the governing body, the property is not necessary for school purposes and is worthless, and to pay the expenses for the demolition or disposition.

(7) To lease any school property for a rental that the governing body considers reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children who are at least five (5) years of age and less than fifteen (15) years of age that operates before or after the school day, or both, and during periods when school is not in session; if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program.

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1 However, if payment for the property subject to a long term lease
 2 is made from money in the school corporation's debt service fund,
 3 all proceeds from the long term lease must be deposited in the
 4 school corporation's debt service fund so long as payment for the
 5 property has not been made. The governing body may, at the
 6 governing body's option, use the procedure specified in
 7 IC 36-1-11-10 in leasing property under this subdivision.

8 (8) To:

9 (A) Employ, contract for, and discharge superintendents,
 10 supervisors, principals, teachers, librarians, athletic coaches
 11 (whether or not they are otherwise employed by the school
 12 corporation and whether or not they are licensed under
 13 IC 20-28-5), business managers, superintendents of buildings
 14 and grounds, janitors, engineers, architects, physicians,
 15 dentists, nurses, accountants, teacher aides performing
 16 noninstructional duties, educational and other professional
 17 consultants, data processing and computer service for school
 18 purposes, including the making of schedules, the keeping and
 19 analyzing of grades and other student data, the keeping and
 20 preparing of warrants, payroll, and similar data where
 21 approved by the state board of accounts as provided below,
 22 and other personnel or services as the governing body
 23 considers necessary for school purposes.

24 (B) Fix and pay the salaries and compensation of persons and
 25 services described in this subdivision.

26 (C) Classify persons or services described in this subdivision
 27 and to adopt schedules of salaries or compensation.

28 (D) Determine the number of the persons or the amount of the
 29 services employed or contracted for as provided in this
 30 subdivision.

31 (E) Determine the nature and extent of the duties of the
 32 persons described in this subdivision.

33 The compensation, terms of employment, and discharge of
 34 teachers are, however, subject to and governed by the laws
 35 relating to employment, contracting, compensation, and discharge
 36 of teachers. The compensation, terms of employment, and
 37 discharge of bus drivers are subject to and governed by laws
 38 relating to employment, contracting, compensation, and discharge
 39 of bus drivers. The forms and procedures relating to the use of
 40 computer and data processing equipment in handling the financial
 41 affairs of the school corporation must be submitted to the state
 42 board of accounts for approval so that the services are used by the

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1 school corporation when the governing body determines that it is
 2 in the best interest of the school corporation while at the same
 3 time providing reasonable accountability for the funds expended.

4 (9) Notwithstanding the appropriation limitation in subdivision
 5 (3), when the governing body by resolution considers a trip by an
 6 employee of the school corporation or by a member of the
 7 governing body to be in the interest of the school corporation,
 8 including attending meetings, conferences, or examining
 9 equipment, buildings, and installation in other areas, to permit the
 10 employee to be absent in connection with the trip without any loss
 11 in pay and to reimburse the employee or the member the
 12 employee's or member's reasonable lodging and meal expenses
 13 and necessary transportation expenses. To pay teaching personnel
 14 for time spent in sponsoring and working with school related trips
 15 or activities.

16 (10) To transport children to and from school, when in the
 17 opinion of the governing body the transportation is necessary,
 18 including considerations for the safety of the children and without
 19 regard to the distance the children live from the school. The
 20 transportation must be otherwise in accordance with applicable
 21 law.

22 (11) To provide a lunch program for a part or all of the students
 23 attending the schools of the school corporation, including the
 24 establishment of kitchens, kitchen facilities, kitchen equipment,
 25 lunch rooms, the hiring of the necessary personnel to operate the
 26 lunch program, and the purchase of material and supplies for the
 27 lunch program, charging students for the operational costs of the
 28 lunch program, fixing the price per meal or per food item. To
 29 operate the lunch program as an extracurricular activity, subject
 30 to the supervision of the governing body. To participate in a
 31 surplus commodity or lunch aid program.

32 (12) To purchase textbooks ~~to and~~ furnish textbooks without cost
 33 ~~or to rent textbooks~~ to students ~~to participate in a textbook aid~~
 34 ~~program; all~~ in accordance with applicable law. **A school**
 35 **corporation may not conduct a program to rent textbooks and**
 36 **other covered instructional material to students enrolled in**
 37 **the school corporation.**

38 (13) To accept students transferred from other school corporations
 39 and to transfer students to other school corporations in accordance
 40 with applicable law.

41 (14) To make budgets, to appropriate funds, and to disburse the
 42 money of the school corporation in accordance with applicable

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law. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-48-1.

(15) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or the school corporation's employees in connection with motor vehicles or property and for additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from liability, risk, accident, or loss related to school property, school contract, school or school related activity, including the purchase of insurance or the establishment and maintenance of a self-insurance program protecting persons described in this subdivision against false imprisonment, false arrest, libel, or slander for acts committed in the course of the persons' employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to property owned, leased, or held by the school corporation. To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance; to benefit school corporation employees, including accident, sickness, health, or dental coverage, provided that a plan of self-insurance must include an aggregate stop-loss provision.

(16) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state, the federal government, or from any other source.

(17) To defend a member of the governing body or any employee of the school corporation in any suit arising out of the performance of the member's or employee's duties for or employment with, the school corporation, if the governing body by resolution determined that the action was taken in good faith. To save any member or employee harmless from any liability, cost, or damage in connection with the performance, including the payment of legal fees, except where the liability, cost, or damage is predicated on or arises out of the bad faith of the member or employee, or is a claim or judgment based on the member's or

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employee's malfeasance in office or employment.

(18) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures:

(A) for the government and management of the schools, property, facilities, and activities of the school corporation, the school corporation's agents, employees, and pupils and for the operation of the governing body; and

(B) that may be designated by an appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(19) To ratify and approve any action taken by a member of the governing body, an officer of the governing body, or an employee of the school corporation after the action is taken, if the action could have been approved in advance, and in connection with the action to pay the expense or compensation permitted under IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 or any other law.

(20) To exercise any other power and make any expenditure in carrying out the governing body's general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including the acquisition of property or the employment or contracting for services, even though the power or expenditure is not specifically set out in this chapter. The specific powers set out in this section do not limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 by specific language or by reference to other law.

SECTION 4. IC 20-26-11-22, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 22. (a) The transferee corporation is entitled to receive from the transferor corporation transfer tuition for each transferred student for each school year calculated in two (2) parts:

(1) operating cost; and

(2) capital cost.

These costs must be allocated on a per student basis separately for each class of school.

(b) The operating cost for each class of school must be based on the total expenditures of the transferee corporation for the class from its general fund expenditures as set out on the classified budget forms prescribed by the state board of accounts, excluding from the calculation capital outlay, debt service, costs of transportation, salaries

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of board members, contracted service for legal expenses and any expenditure that is made out of the general fund from extracurricular account receipts, for the school year.

(c) The capital cost for each class of school must consist of the lesser of the following alternatives:

(1) The capital cost must be based on an amount equal to five percent (5%) of the cost of transferee corporation's physical plant, equipment, and all items connected to the physical plant or equipment, including:

(A) buildings, additions, and remodeling to the buildings, excluding ordinary maintenance; and

(B) on-site and off-site improvements such as walks, sewers, waterlines, drives, and playgrounds;

that have been paid or are obligated to be paid in the future out of the general fund, capital projects fund, or debt service fund, including principal and interest, lease rental payments, and funds that were legal predecessors to these funds. If an item of the physical plant, equipment, appurtenances, or part of the item is more than twenty (20) years old at the beginning of the school year, the capital cost of the item shall be disregarded in making the capital cost computation.

(2) The capital cost must be based on the amount budgeted from the general fund for capital outlay for physical plant, equipment, and appurtenances and the amounts levied for the debt service fund and the capital projects fund for the calendar year in which the school year ends.

(d) If an item of expense or cost cannot be allocated to a class of school, the item shall be prorated to all classes of schools on the basis of the ADM of each class in the transferee corporation compared to the total ADM therein.

(e) The transfer tuition for each student transferred for each school year shall be calculated by dividing the transferee school corporation's total operating costs and the total capital costs for the class of school in which the student is enrolled by the ADM of students therein. If a transferred student is enrolled in a transferee corporation for less than the full school year, the transfer tuition shall be calculated by the proportion of such school year for which the transferred student is enrolled. A school year for this purpose consists of the number of days school is in session for student attendance. A student shall be enrolled in a transferee school, whether or not the student is in attendance, unless the:

(1) student's residence is outside the area of students transferred

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1 to the transferee corporation;

2 (2) student has been excluded or expelled from school; or

3 (3) student has been confirmed as a school dropout.

4 The transferor and transferee corporations may enter into written
5 agreements concerning the amount of transfer tuition. If an agreement
6 cannot be reached, the amount shall be determined by the state
7 superintendent, with costs to be established, where in dispute, by the
8 state board of accounts.

9 (f) The transferor corporation shall pay the transferee corporation,
10 when billed, the ~~amount of book rental due from cost to the transferee~~
11 **corporation of providing textbooks and other covered instructional**
12 **material to the** transferred students, ~~who are unable to pay the book~~
13 ~~rental amount. The transferor corporation is entitled to collect the~~
14 ~~amount of the book rental from the appropriate township trustee, from~~
15 ~~its own funds, or from any other source, in the amounts and manner~~
16 ~~provided by law. after deducting the amount of textbook~~
17 ~~distributions made to the transferee corporation in the school year~~
18 ~~as a result of the enrollment of the transferred students in the~~
19 ~~transferee school corporation. Costs related to textbooks and other~~
20 ~~covered instructional material that will be used in more than one~~
21 ~~(1) school year must be apportioned over the useful life of the~~
22 ~~textbooks and other covered instructional material. An amount~~
23 ~~received by a transferee corporation must be deposited in the~~
24 ~~transferee corporation's textbook fund.~~

25 SECTION 5. IC 20-26-12-1, AS ADDED BY P.L.1-2005,
26 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2009]: Sec. 1. (a) Except as provided in ~~subsections (b) and~~
28 ~~(c)~~ **subsection (b)** and notwithstanding any other law, each governing
29 body shall purchase from a contracting publisher, at a price equal to or
30 less than the net contract price, the textbooks adopted by the state
31 board and selected by the proper local officials ~~and shall rent these~~
32 ~~textbooks to each student enrolled in a public school that is:~~

33 ~~(1) in compliance with the minimum certification standards of the~~
34 ~~board; and~~

35 ~~(2) located within the attendance unit served by the governing~~
36 ~~body.~~

37 **to carry out this chapter.**

38 (b) This section does not prohibit the purchase of textbooks at the
39 option of a student. ~~or the providing of free textbooks by the governing~~
40 ~~body under sections 6 through 21 of this chapter.~~

41 (c) This section does not prohibit a governing body from suspending
42 the operation of this section under a contract entered into under

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1 ~~IC 20-26-15.~~

2 SECTION 6. IC 20-26-12-2, AS ADDED BY P.L.1-2005,
3 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2009]: Sec. 2. (a) A governing body may purchase from a
5 contracting publisher, at a price equal to or less than the net contract
6 price, any textbook adopted by the state board and selected by the
7 proper local officials. The governing body may ~~rent~~ **sell** these textbooks
8 to students enrolled in any public or nonpublic school that is:

9 (1) in compliance with the minimum certification standards of the
10 state board; and

11 (2) located within the attendance unit served by the governing
12 body.

13 The annual rental rate may not exceed twenty-five percent (25%) of the
14 retail price of the textbooks.

15 (b) Notwithstanding subsection (a), the governing body may not
16 assess a rental fee of more than fifteen percent (15%) of the retail price
17 of a textbook that has been:

18 (1) adopted for usage by students under IC 20-20-5;

19 (2) extended for usage by students under IC 20-20-5-2; and

20 (3) paid for through rental fees previously collected.

21 **(b) If a governing body sells textbooks to students who wish to**
22 **purchase textbooks, the sale price of a textbook may not exceed the**
23 **price stipulated in the contracts under which the book is purchased**
24 **by the school corporation. Money from sales to students must be**
25 **paid into the textbook fund. The power to sell textbooks under this**
26 **section does not limit a school corporation's obligation to comply**
27 **with section 29 of this chapter.**

28 (c) This section does not limit other laws.

29 SECTION 7. IC 20-26-12-22, AS ADDED BY P.L.1-2005,
30 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2009]: Sec. 22. If a school corporation purchases textbooks on
32 a time basis:

33 (1) the schedule for payments shall coincide with ~~student~~
34 ~~payments the distribution under IC 20-43-11-3~~ to the school
35 corporation for ~~textbook rental; textbooks;~~ and

36 (2) the schedule must not require the school corporation to
37 assume a greater burden than payment of twenty-five percent
38 (25%) within thirty (30) days after the beginning of the school
39 year immediately following delivery by the contracting publisher
40 with the school corporation's promissory note evidencing the
41 unpaid balance.

42 SECTION 8. IC 20-26-12-23, AS ADDED BY P.L.1-2005,

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SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 23. (a) A school corporation may:

- (1) borrow money to buy textbooks; and
- (2) issue notes, maturing serially in not more than six (6) years and payable from its ~~general~~ **textbook** fund, to secure the loan.

However, when an adoption is made by the state board for less than six (6) years, the period for which the notes may be issued is limited to the period for which that adoption is effective.

(b) Notwithstanding subsection (a), a school township may not borrow money to purchase textbooks unless a petition requesting such an action and bearing the signatures of twenty-five percent (25%) of the resident taxpayers of the school township has been presented to and approved by the township trustee and township board.

SECTION 9. IC 20-26-12-26, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 26. If a family **that purchased textbooks from a school corporation during the school term** moves during the school term from one (1) school corporation to another within the state, the corporation from which they move shall:

- (1) evaluate the affected children's textbooks; and
- (2) offer to purchase the textbooks at a reasonable price. ~~for resale to any family that moves into that corporation during a school term.~~

SECTION 10. IC 20-26-12-29 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 29. (a) **The governing body of each school corporation and each charter school shall do the following:**

- (1) **Purchase and maintain a sufficient number of textbooks and other covered instructional material to meet the needs of each student.**
- (2) **Appropriate from a textbook fund the money necessary to purchase textbooks and other covered instructional material to comply with this section.**
- (3) **Loan free of charge to each student all textbooks and other covered instructional material prescribed for the student's grade or classes.**
- (4) **Prescribe guidelines for the following:**
 - (A) **The availability of textbooks and other covered instructional material to students.**
 - (B) **The care and custody of textbooks and other covered instructional material by students.**

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(C) The return of textbooks and other covered instructional material by students.

(5) Provide facilities for the safekeeping of textbooks and other covered instructional material.

(6) Fumigate or destroy textbooks and other covered instructional material at the times and under regulations prescribed by local and state health authorities or determined by the governing body.

(b) Neither a school corporation nor a charter school may conduct a rental program for textbooks and other covered instructional material for a school year that begins after June 30, 2009.

SECTION 11. IC 20-26-12-30 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 30. An emancipated minor or the parent of a student who is loaned a textbook or other instructional material under this chapter is financially responsible for the following according to the guidelines adopted by the school corporation or charter school under this chapter:**

(1) Wear, except for reasonable wear, on textbooks and other covered instructional material.

(2) Loss, mutilation, or defacement of textbooks and other covered instructional material.

(3) Failure to return textbooks and other covered instructional material to the school corporation or charter school upon request.

(4) Other matters concerning the use and care of textbooks and other instructional material.

SECTION 12. IC 20-33-5-3, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 3. (a)** If a parent of a child or an emancipated minor who is enrolled in a public school, in kindergarten or grades 1 through 12, meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may not be required to pay the fees for school books, supplies, or other required class fees. The fees shall be paid by the school corporation that the child attends.

(b) The school corporation may apply for a reimbursement under section 7 of this chapter from the department of the costs incurred under subsection (a).

(c) To the extent the reimbursement received by the school corporation is less than the textbook rental fee assessed for textbooks that have been adopted under IC 20-20-5-1 through IC 20-20-5-4 or

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1 waived under IC 20-26-12-28, the school corporation may request that
2 the parent or emancipated minor pay the balance of this amount:

3 SECTION 13. IC 20-33-5-5, AS ADDED BY P.L.1-2005,
4 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2009]: Sec. 5. All school corporations must give notice in
6 nontechnical language and in a manner that can be reasonably expected
7 to ~~reach~~ **notify** parents of students before the collection of any fees. ~~for~~
8 ~~schoolbooks and supplies.~~ This notice must inform the parents of the
9 following:

- 10 (1) The availability of assistance.
- 11 (2) The eligibility standards.
- 12 (3) The procedure for obtaining assistance, including the right and
13 method of appeal.
- 14 (4) The availability of application forms at a designated school
15 office.

16 SECTION 14. IC 20-33-5-9, AS ADDED BY P.L.1-2005,
17 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 JULY 1, 2009]: Sec. 9. (a) If a parent of a child or an emancipated
19 minor who is enrolled in an accredited nonpublic school meets the
20 financial eligibility standard under section 2 of this chapter, the parent
21 or the emancipated minor may receive a reimbursement from the
22 department as provided in this chapter for the costs or some of the costs
23 incurred by the parent or emancipated minor in fees ~~that are~~
24 ~~reimbursable under section 7 of this chapter.~~ **for items described in**
25 **subsection (g).** The extent to which the fees are reimbursable under
26 this section may not exceed the ~~percentage~~ rates of reimbursement
27 ~~under section 7 of this chapter.~~ **IC 20-43-11-2 for students in a school**
28 **corporation.** In addition, if a child enrolls in an accredited nonpublic
29 school after the initial request for reimbursement is filed under
30 subsection (d), the parent of the child or the emancipated minor who
31 meets the financial eligibility standard may receive a reimbursement
32 from the department for the costs or some of the costs incurred in fees
33 that are reimbursable under ~~section 7 of this chapter~~ **subsection (g)** by
34 applying to the accredited nonpublic school for assistance. In this case,
35 this section applies. However, section 10 of this chapter applies to the
36 making of the supplemental request for reimbursement by the principal
37 or other designee of the accredited nonpublic school.

38 (b) The department shall provide each accredited nonpublic school
39 with sufficient application forms for assistance, prescribed by the state
40 board of accounts.

41 (c) Each accredited nonpublic school shall provide the parents or
42 emancipated minors who wish to apply for assistance with:

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(1) the appropriate application forms; and

(2) any assistance needed in completing the application form.

(d) The parent or emancipated minor shall submit the application to the accredited nonpublic school. The accredited nonpublic school shall make a determination of financial eligibility subject to appeal by the parent or emancipated minor.

(e) If a determination is made that the applicant is eligible for assistance, subsection (a) applies.

(f) To be guaranteed some level of reimbursement from the department, the principal or other designee shall submit the reimbursement request before November 1 of a school year.

(g) In its request, the principal or other designee shall certify to the department:

(1) the number of students who are enrolled in the accredited nonpublic school and who are eligible for assistance under this chapter;

(2) the costs incurred in providing

~~(A) textbooks (including textbooks used in special education and high ability classes); and~~

~~(B) workbooks and consumable textbooks (including workbooks, consumable textbooks, and other consumable teaching materials that are used in special education and high ability classes) that are used by students for not more than one (1) school year;~~ **textbooks and other covered instructional material;**

(3) that each textbook described in subdivision ~~(2)(A)~~ **(2)** and included in the reimbursement request (except those textbooks used in special education classes and high ability classes) has been adopted by the state board under IC 20-20-5-1 through **IC** 20-20-5-4 or has been waived by the state board of education under IC 20-26-12-28;

(4) that the amount of reimbursement requested for each textbook under subdivision (3) does not exceed twenty percent (20%) of the costs incurred for the textbook, as provided in the textbook adoption list in each year of the adoption cycle;

(5) that the amount of reimbursement requested for each workbook or consumable textbook (or other consumable teaching material used in special education and high ability classes) under subdivision ~~(2)(B)~~ **(2)**, if applicable, does not exceed one hundred percent (100%) of the costs incurred for the workbook or consumable textbook (or other consumable teaching material used in special education and high ability classes);

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(6) that the amount of reimbursement requested for each textbook used in special education and high ability classes is amortized for the number of years in which the textbook is used; and

(7) any other information required by the department, including copies of purchase orders used to acquire consumable teaching materials used in special education and high ability classes.

(h) If the amount of reimbursement requested before November 1 of a particular school year exceeds the amount of money appropriated to the department for this purpose, the department shall proportionately reduce the amount of reimbursement to each accredited nonpublic school. An accredited nonpublic school may submit a supplemental reimbursement request under section 10 of this chapter. The parent or emancipated minor is entitled to receive a supplemental reimbursement only if funds are available. The department shall proportionately reduce the amount of supplemental reimbursement to the accredited nonpublic schools if the amount requested exceeds the amount of money available to the department for this purpose.

(i) The accredited nonpublic school shall distribute the money received under this chapter to the appropriate eligible parents or emancipated minors.

~~(j) Section 7(h) of this chapter applies to parents or emancipated minors as described in this section.~~

(j) An applicant receiving other government assistance or aid that considers educational needs in computing the entire amount of assistance granted may not be denied assistance if the applicant's total family income does not exceed the standards established by this chapter.

(k) The accredited nonpublic school and the department shall maintain complete and accurate information concerning the number of applicants determined to be eligible for assistance under this section.

(l) The state board shall adopt rules under IC 4-22-2 to implement this section.

SECTION 15. IC 20-33-5-10, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. (a) The principal or other designee of an accredited nonpublic school may make a supplemental request for reimbursement from the department after April 1 but before May 1 of a school year for some or all of the additional costs incurred in fees that are reimbursable under ~~section 7~~ **section 9** of this chapter by the parent of a child or emancipated minor who enrolls in the accredited nonpublic school after the initial request for reimbursement is filed under section 9(f) of this chapter.

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(b) In its supplemental request, the principal or other designee must certify to the department the following:

(1) The number of additional students who enrolled in the accredited nonpublic school as described in subsection (a).

(2) The costs incurred in providing the materials described in section 9(g)(2) of this chapter pertaining to the number of additional students.

(3) The same information as described in section 9(g)(3) through 9(g)(7) of this chapter as pertaining to the number of additional students.

(c) This section applies only if there are funds available. These supplemental distributions shall be made by the department in accordance with section 9(h) of this chapter.

SECTION 16. IC 20-33-5-14, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 14. (a) The school textbook reimbursement contingency fund is established to reimburse ~~school corporations~~, eligible parents of children who attend accredited nonpublic schools and emancipated minors who attend accredited nonpublic schools as provided in section 9 of this chapter for assistance provided under this chapter. The fund consists of money appropriated to the fund by the general assembly. The state superintendent shall administer the fund.

(b) The treasurer of state shall invest the money in the school textbook reimbursement contingency fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 17. IC 20-40-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Chapter 16. Textbook Fund

Sec. 1. As used in this chapter, "fund" refers to a textbook fund established under section 2 of this chapter.

Sec. 2. Each school corporation and charter school shall establish a textbook fund.

Sec. 3. Money in the fund may be used only for the following purposes:

(1) Paying interest and principal on loans obtained by the school corporation or charter school to purchase textbooks and other covered instructional material.

(2) Implementing IC 20-26-12, including the purchase, storage, distribution, or repair of textbooks and other covered instructional material.

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1 **Sec. 4. A school corporation or charter school shall deposit in**
 2 **the fund the following:**

3 **(1) Distributions under IC 20-43-11-3.**

4 **(2) Receipts from sales of textbooks and other covered**
 5 **instructional material.**

6 **(3) Other revenues designated for the fund.**

7 **Sec. 5. Money in the fund at the end of a school year or fiscal**
 8 **year does not revert to a school general fund or any other fund and**
 9 **remains available for the purposes of the textbook fund.**

10 SECTION 18. IC 20-41-1-2, AS ADDED BY P.L.2-2006,
 11 SECTION 164, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2009]: Sec. 2. Any self-supporting programs
 13 maintained by a school corporation, including

14 ~~(1) school lunch, and~~

15 ~~(2) rental or sale of textbooks;~~

16 may be established as separate funds, separate and apart from the
 17 general fund, if no local tax rate is established for the programs.

18 SECTION 19. IC 20-41-2-3, AS ADDED BY P.L.2-2006,
 19 SECTION 164, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2009]: Sec. 3. (a) If a school lunch fund is
 21 established under section 1 of this chapter, ~~or a textbook rental fund is~~
 22 ~~established under section 2 of this chapter;~~ the receipts and
 23 expenditures for ~~each~~ **the school lunch** program shall be made to and
 24 from the ~~proper~~ **school lunch** fund without appropriation or the
 25 application of other laws relating to the budgets of local governmental
 26 units.

27 (b) ~~If either a school lunch program or both programs under~~
 28 ~~sections 1 and 2 of this chapter are~~ **is** operated through the
 29 extracurricular account, the township trustee shall approve the amount
 30 of the bond of the treasurer of the extracurricular account in an amount
 31 the township trustee considers necessary to protect the account for all
 32 funds coming into the hands of the treasurer.

33 SECTION 20. IC 20-41-2-6, AS ADDED BY P.L.2-2006,
 34 SECTION 164, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) If a school lunch fund is
 36 established under section 4 of this chapter, ~~and a textbook rental fund~~
 37 ~~is established under section 5 of this chapter;~~ the receipts and
 38 expenditures from ~~a the fund for the program to which the fund relates~~
 39 ~~shall~~ **must** be made to and from the fund without appropriation or the
 40 application of other statutes and rules relating to the budgets of
 41 municipal corporations.

42 (b) ~~If either the school lunch program or textbook rental program is~~

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1 handled through the extracurricular account, the governing body of the
 2 school corporation shall approve the amount of the bond of the
 3 treasurer of the extracurricular account in an amount the governing
 4 body considers sufficient to protect the account for all funds coming
 5 into the hands of the treasurer of the account.

6 SECTION 21. IC 20-42-3-10, AS AMENDED BY P.L.3-2008,
 7 SECTION 121, IS AMENDED TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2009]: Sec. 10. The trustee, with the advice and
 9 consent of the township board, shall use the account for the following
 10 educational purposes:

11 ~~(1)~~ Each year the trustee shall pay to the parent or legal guardian
 12 of any child whose residence is within the township, the initial
 13 cost for the rental of textbooks used in any elementary or
 14 secondary school that has been accredited by the state. The
 15 reimbursement for the rental of textbooks shall be for the initial
 16 yearly rental charge only. Textbooks subsequently lost or
 17 destroyed may not be paid for from this account.

18 ~~(2)~~ **(1)** Students who are residents of the township for the last two
 19 (2) years of their secondary education and who still reside within
 20 the township are entitled to receive financial assistance in an
 21 amount not to exceed an amount determined by the trustee and
 22 the township board during an annual review of postsecondary
 23 education fees and tuition costs of education at any accredited
 24 postsecondary educational institution. Amounts to be paid to each
 25 eligible student shall be set annually after this review. The
 26 amount paid each year must be:

27 (A) equitable for every eligible student without regard to race,
 28 religion, creed, sex, disability, or national origin; and

29 (B) based on the number of students and the amount of funds
 30 available each year.

31 ~~(3)~~ **(2)** A person who has been a permanent resident of the
 32 township continuously for at least two (2) years and who needs
 33 educational assistance for job training or retraining may apply to
 34 the trustee of the township for financial assistance. The trustee
 35 and the township board shall review each application and make
 36 assistance available according to the need of each applicant and
 37 the availability of funds.

38 ~~(4)~~ **(3)** If all the available funds are not used in any one (1) year,
 39 the unused funds shall be retained in the account by the trustee for
 40 use in succeeding years.

41 SECTION 22. IC 20-43-1-26.1 IS ADDED TO THE INDIANA
 42 CODE AS A **NEW** SECTION TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2009]: **Sec. 26.1. "Textbook grant" refers to the amount determined under IC 20-43-11-2.**

SECTION 23. IC 20-43-2-3, AS AMENDED BY P.L.3-2008, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. If the total amount to be distributed:

- (1) as basic tuition support;
- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; ~~and~~
- (5) for career and technical education grants; **and**
- (6) for textbook grants;**

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

SECTION 24. IC 20-43-11 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Chapter 11. Textbook Grants

Sec. 1. In addition to a basic tuition support distribution, a school corporation is eligible for the grants provided under this chapter.

Sec. 2. A school corporation's textbook grant for a calendar year is the amount equal to the school corporation's ADM for the calendar year multiplied by one hundred five dollars (\$105).

Sec. 3. The distribution received under this chapter shall be deposited in a textbook fund and used only for the purposes specified in IC 20-40-16-3.

SECTION 25. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2009]: IC 20-26-12-6; IC 20-26-12-7; IC 20-26-12-8; IC 20-26-12-9; IC 20-26-12-10; IC 20-26-12-11; IC 20-26-12-12; IC 20-26-12-13; IC 20-26-12-14; IC 20-26-12-15; IC 20-26-12-16; IC 20-26-12-17; IC 20-26-12-18; IC 20-26-12-19; IC 20-26-12-20; IC 20-26-12-21; IC 20-33-5-7; IC 20-33-5-8; IC 20-40-9-7; IC 20-41-2-2; IC 20-41-2-5.

SECTION 26. [EFFECTIVE JULY 1, 2009] **(a) A school corporation or charter school may not conduct a textbook rental program for a school year beginning after June 30, 2009.**

(b) On July 1, 2009, a school corporation or charter school shall transfer any unencumbered money in any fund or account used for

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1 textbook rental fees to the textbook fund established under
 2 IC 20-40-16, as added by this act. The money transferred under
 3 this SECTION may be used for any purpose for which other money
 4 in the textbook fund may be used.

5 (c) Notwithstanding IC 20-43-11, as added by this act, and
 6 subject to subsection (d), a school corporation or charter school is
 7 entitled in 2009 to only fifty percent (50%) of the amount of the
 8 textbook grant specified in IC 20-43-11-2, as added by this act, to
 9 be distributed in six (6) monthly installments.

10 (d) Notwithstanding IC 20-43-11, for 2009 only, a school
 11 corporation that operated an elementary school library or a high
 12 school library under IC 20-26-12-6 through IC 20-26-12-21 (as
 13 effective on June 30, 2009, before their repeal by this act) to
 14 provide free textbooks to resident students is not entitled to receive
 15 a textbook grant under IC 20-43-11-3, as added by this act.

16 (e) This SECTION expires January 1, 2011.

17 SECTION 27. [EFFECTIVE JULY 1, 2009] (a) The department
 18 of local government finance shall reduce the:

19 (1) maximum permissible ad valorem property tax levy
 20 imposed by IC 6-1.1-18.5-3; and

21 (2) township assistance levy;

22 of each township to reflect the effect of this act on the obligation of
 23 township trustees to pay school fees under IC 20-33-5-12 in
 24 extraordinary circumstances.

25 (b) On July 1, 2009, a township trustee shall distribute a part of
 26 any unencumbered money in a textbook rental fund established
 27 under IC 20-41-2-5 (before its repeal by this act) to each school
 28 corporation whose district includes part of the township. The
 29 amount of the distribution to which a school corporation is entitled
 30 under this subsection is determined under STEP FOUR of the
 31 following formula:

32 STEP ONE: Determine the number of students that have legal
 33 settlement under IC 20-26-11 in the geographic area within
 34 the intersection of:

35 (A) the school corporation's district; and

36 (B) the township.

37 STEP TWO: Determine the total number of students that
 38 have legal settlement under IC 20-26-11 in the township.

39 STEP THREE: Divide the STEP ONE result by the STEP
 40 TWO result.

41 STEP FOUR: Multiply the total amount of any
 42 unencumbered money in the textbook rental fund established

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1 under IC 20-41-2-5 (before its repeal by this act) by the STEP
2 THREE result.

3 A school corporation that receives money distributed under this
4 subsection shall deposit the money in the school corporation's
5 textbook fund established under IC 20-40-16, as added by this act.
6 The money distributed under this SECTION may be used for any
7 purpose for which other money in the textbook fund may be used.

8 (c) Any loan:

9 (1) obtained to purchase textbooks and other covered
10 instructional material (as defined in IC 20-18-2-23.1, as added
11 by this act); and

12 (2) payable from a school general fund before July 1, 2009;
13 shall be paid from the textbook fund after June 30, 2009.

14 (d) This SECTION expires January 1, 2011.

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